

December 2, 2015



# Aspen Group Reports 58% Increase in Revenue for Second Quarter Fiscal 2016

**New Student Enrollments Rise 110% YoY**

**Nursing School Represents 60% of Aspen's Revenues**

NEW YORK, Dec. 02, 2015 (GLOBE NEWSWIRE) -- Aspen Group, Inc. (OTCQB:ASPU), a nationally accredited online post-secondary education company (Aspen University), today announced results for its second quarter ended October 31, 2015.

Results from the Second Quarter include:

- Revenues of \$1,913,161, a 58% increase from the comparable prior year period, an acceleration from 46% year-over-year growth in the previous quarter;
- New student enrollments increased 110% year-over-year, as Aspen delivered 557 new degree-seeking enrollments in the quarter;
- Aspen University's School of Nursing grew to 48% of the total degree-seeking student body, from 1,026 to 1,935 students or 89% growth year-over-year; and accounted for 60% of the total revenues in the quarter.

"The rate of growth of our BSN program accelerated this quarter, as we're now on pace to add over 1,000 BSN students on an annualized basis," said Aspen Group Chairman and CEO Michael Mathews. "As a consequence, we're projecting to reach the 5,000 degree-seeking student milestone around the end of our current fiscal year, April 30, 2016," continued Mathews.

## Second Quarter Highlights

For the second quarter, revenues increased 58% from the comparable prior year period to \$1,913,161. In particular, Nursing program revenues rose 136% year-over-year to \$1,139,468 to represent 60% of Aspen's revenues.

Aspen's School of Nursing student body grew by 331 students in the quarter, from 1,604 to 1,935 students. That represented 75% of the growth of Aspen's total degree seeking student body in the quarter, from 3,609 to 4,015. Aspen's School of Nursing now accounts for 48% of Aspen's degree seeking student body.

Adjusted Gross Profit, a non-GAAP financial measure, increased 12% sequentially to \$1,045,360 or 55% margin. GAAP Gross Profit increased 14% sequentially to \$909,019 or

48% margin. Note that the company increased its internet advertising spend rate from \$120,000 to \$150,000 per month starting in the first month of the quarter, August, 2015.

Adjusted EBITDA, a non-GAAP financial measure, resulted in a loss of (\$279,352), a sequential improvement of 7%. Net loss applicable to shareholders was (\$744,420), a sequential decline of 4%.

#### **\* Non-GAAP – Financial Measures**

This press release includes both financial measures in accordance with Generally Accepted Accounting Principles, or GAAP, as well as non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flows that either excludes or includes amounts that are not normally included or excluded in the most directly comparable measure calculated and presented in accordance with GAAP. Non-GAAP financial measures should be viewed as supplemental to, and should not be considered as alternatives to net income, operating income, and cash flow from operating activities, liquidity or any other financial measures. They may not be indicative of the historical operating results of Aspen Group nor are they intended to be predictive of potential future results. Investors should not consider non-GAAP financial measures in isolation or as substitutes for performance measures calculated in accordance with GAAP.

Our management uses and relies on Adjusted EBITDA and Adjusted Gross Profit, each of which are non-GAAP financial measures. We believe that both management and shareholders benefit from referring to the following non-GAAP financial measures in planning, forecasting and analyzing future periods. Our management uses these non-GAAP financial measures in evaluating its financial and operational decision making and as a means to evaluate period-to-period comparison. Our management recognizes that the non-GAAP financial measures have inherent limitations because of the excluded items described below.

Aspen Group defines Adjusted EBITDA as earnings (or loss) from continuing operations before the items in the table below. Aspen Group excludes these expenses because they are non-cash or non-recurring in nature.

Aspen Group defines Adjusted Gross Profit as revenues less cost of revenues (instructional costs and services and marketing and promotional costs), but excluding the amortization of courseware and software. Adjusted Gross Profit excludes non-cash items and permits our management to focus on core operating results.

We have included a reconciliation of our non-GAAP financial measures to the most comparable financial measures calculated in accordance with GAAP. We believe that providing the non-GAAP financial measures, together with the reconciliation to GAAP, helps investors make comparisons between Aspen Group and other companies. In making any comparisons to other companies, investors need to be aware that companies use different non-GAAP measures to evaluate their financial performance. Investors should pay close attention to the specific definition being used and to the reconciliation between such measure and the corresponding GAAP measure provided by each company under applicable SEC rules.

The following table presents a reconciliation of Adjusted EBITDA to Net loss, a GAAP financial measure:

	<b>Three Months Ended</b>		
	<b><u>10/31/2015</u></b>	<b><u>7/31/2015</u></b>	<b><u>10/31/2014</u></b>
Net Loss	\$ (744,420 )	\$ (718,706 )	\$ (1,160,732 )
Interest expense, net of income	31,320	33,115	29,625
Bad debt expense	67,299	31,889	-
Depreciation and amortization	148,258	143,459	130,133
Loss from Debt Extinguishment	-	-	452,503
Amortization of debt issue costs	-	-	19,018
Amortization of debt discount	-	-	41,898
Warrant conversion exercise expense	-	6,000	-
Stock-based compensation	56,046	72,941	114,435
Non-recurring charges	162,145	131,677	114,930
Adjusted EBITDA (Loss)	<b><u>\$ (279,352 )</u></b>	<b><u>\$ (299,625 )</u></b>	<b><u>\$ (258,190 )</u></b>

The following table presents a reconciliation of Adjusted Gross Profit, a non-GAAP financial measure, to gross profit calculated in accordance with GAAP:

	<b>For the Three Months Ended October 31,</b>	
	<b><u>2015</u></b>	<b><u>2014</u></b>
Revenues	\$ 1,913,161	\$ 1,214,247
Costs of revenues (exclusive of amortization shown separately)	<u>867,801</u>	<u>442,697</u>
Gross profit (exclusive of amortization)	1,045,360	771,550
Amortization expenses excluded from cost of revenues	<u>136,341</u>	<u>120,512</u>
GAAP gross profit	<b><u>\$ 909,019</u></b>	<b><u>\$ 651,038</u></b>

### Conference Call

Aspen Group, Inc. will host a conference call to discuss its October 31, 2015 fiscal year 2016 second quarter financial results and business outlook on Wednesday, December 2, 2015, at 5:00 p.m. (ET). The conference call can be accessed by dialing toll-free (844) 452-6823 (U.S.) or (731) 256-5216 (international). Subsequent to the call, a transcript of the audiocast will be available from the Company's website at [ir.aspen.edu](http://ir.aspen.edu).

### **About Aspen Group, Inc.**

Aspen Group, Inc. is an online postsecondary education company. Aspen University's

mission is to offer any motivated college-worthy student the opportunity to receive a high quality, responsibly priced distance-learning education for the purpose of achieving sustainable economic and social benefits for themselves and their families. Aspen is dedicated to providing the highest quality education experiences taught by top-tier faculty - 60% of our adjunct faculty hold doctoral degrees. To learn more about Aspen, visit [www.aspen.edu](http://www.aspen.edu).

### **Cautionary Note Regarding Forward-Looking Statements**

This press release contains forward-looking statements including statements regarding expected growth in the BSN program and forecasted degree-seeking student body.

The words “believe,” “may,” “estimate,” “continue,” “anticipate,” “intend,” “should,” “plan,” “could,” “target,” “potential,” “is likely,” “will,” “expect” and similar expressions, as they relate to us, are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. Important factors that could cause actual results to differ from those in the forward-looking statements include unexpected regulatory issues, competition and changes within the healthcare industry that make the nursing occupation less attractive to learners or reduce the benefits of an advanced degree. Further information on our risk factors is contained in our filings with the SEC, including our Form 10-K filed on July 28, 2015. Any forward-looking statement made by us herein speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

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